

PUBLIC DISCLOSURE

June 29, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FRAMINGHAM CO-OPERATIVE BANK

828 CONCORD STREET
FRAMINGHAM, MA 01701

DIVISION OF BANKS
100 CAMBRIDGE STREET
BOSTON, MA 02202

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Framingham Co-operative Bank prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory"

Framingham Co-operative Bank's overall CRA rating is based upon its performance in the five criteria contained herein. The following is a summarization of the findings that were utilized in formulating the bank's overall CRA rating.

The bank has an excellent distribution of HMDA-reportable loans within the assessment area among borrowers of different income levels. Of the total loans within the assessment area for the period under review, 43.3 percent were granted to low and moderate-income borrowers. The bank's percentage of loans to low and moderate-income borrowers exceeded that of the aggregate for calendar year 1997. Additionally, the bank's distribution of small business loans showed a willingness to lend to small businesses in the assessment area.

A majority of Framingham Co-operative Bank's HMDA-reportable lending by number (69.8 percent) is originated within its assessment area. The percentage by dollar amount was 48.3 percent, however more emphasis is placed on the distribution by number.

The bank demonstrated a reasonable average net loan to deposit ratio of 64.6 for the period under review. This ratio fluctuated from a low of 60.2 percent in December 1997, to its current high of 70.3 percent in March 1999.

Although there are no low-income census tracts within its assessment area, the bank achieved an excellent dispersion of lending within census tracts of different income levels. The bank granted 10.9 percent of its total loans to moderate-income census tracts. This percentage exceeds both the aggregate distribution in moderate-income tracts and the percentage of owner-occupied properties in those areas.

Framingham Co-operative Bank's fair lending policies and practices are considered reasonable. No weight was given to a review of complaints, as none have been received since the prior examination.

Also considered in the overall rating were the bank's investments and services. The bank's activities in these areas enhance credit availability within its assessment area and contribute to the overall rating of "High Satisfactory".

PERFORMANCE CONTEXT

Description of Institution

Framingham Co-operative Bank is a \$222.5 million financial institution located in Framingham, Massachusetts. All offices are situated in Framingham, with the bank's main office located at 828 Concord Street. The bank maintains a branch at 1 Lincoln Street and a loan center at 160 Cochituate Road. The bank's main office was relocated in June 1997 to its current site mainly to improve accessibility for customers. Hours at each location appear to be convenient and similar to other area institutions. The bank offers a bilingual Automated Teller Machine (ATM) at its main office and at the Lincoln Street branch. These ATMs are linked to NYCE and Cirrus networks.

As of March 31, 1999, Framingham Co-operative Bank had loans of \$129.9 million, which represent 58.4 percent of total assets. Framingham Co-operative Bank offers various types of lending products including adjustable rate mortgage loans, fixed rate mortgage loans, car loans, personal loans, education loans, passbook loans, home improvement loans, home equity loans and commercial loans.

The following table details the bank's loan portfolio as a percent of average gross loans. This information was obtained from the Uniform Bank Performance Report (UBPR) as of March 31, 1999.

Loan Portfolio as of March 31, 1999	
Type of Loans	% of Average Gross Loans
Construction & Land Development	11.2
Residential Real Estate	
a. 1-4 Family Mortgages	47.2%
b. Home Equity Lines	0.6%
Multifamily	2.6%
Commercial Loans	
a. Commercial Real Estate	32.3%
b. Commercial & Industrial Loans	3.7%
c. Agricultural Loans	0.0%
Consumer Loans	
a. Credit Cards & Related Plans	0.0%
b. Loans to Individuals	2.4%
Other Loans	
a. Loans to Financial Institutions	0.0%
b. Municipal Loans	0.0%
c. Farmland Real Estate Loans	0.0%
d. Other	0.0%
Total	100.0

Source: Uniform Bank Performance Report (UBPR 3/31/99).

As shown in the table above, residential real estate is the bank's primary form of credit activity. Loans secured by one-to-four family residential property account for approximately 47.2 percent of all outstanding credit. Commercial real estate loans are next with 32.3 percent, followed by construction and land development with 11.2 percent.

Framingham Co-operative Bank has direct competition within its assessment area from several financial institutions as well as numerous mortgage companies. In 1997, the top five competitors for mortgage lending within the bank's defined assessment area were: (1) Peoples Heritage Savings Bank; (2) Middlesex Savings Bank; (3) Countrywide Home Loans, Inc.; (4) Homeside Lending, Inc. and (5) Fleet National Bank. These top five lenders held a 20.5 percent market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA).

According to PCI Services, Inc. CRA Wiz software program, and based on aggregate HMDA data for 1997, Framingham Co-operative Bank ranked twenty-third out of all HMDA reporting lenders within its defined assessment area with 1.2 percent of the market share. There were 316 HMDA-reporting mortgage lenders active within the assessment area in 1997.

The FDIC last examined the bank for compliance with the Community Reinvestment Act on March 11, 1998. That examination resulted in a rating of satisfactory. The previous evaluation performed by the Commonwealth of Massachusetts as of June 10, 1996 also resulted in a rating of "Satisfactory".

Description of Assessment Area

The Community Reinvestment Act (CRA) requires a financial institution to define an assessment area within which the bank will focus its lending efforts. The Division of Banks evaluates the institution's CRA performance within the context of the defined assessment area. Generally, assessment area(s) are expected to consist of MSAs (Metropolitan Statistical Areas) or contiguous political subdivisions such as counties, cities and towns.

Framingham Co-operative Bank defines its assessment area as the towns of Ashland, Framingham, Holliston, Hopkinton, Natick and Southborough. All of these towns are located in Middlesex County except for Southborough, which is located in Worcester County. All of these towns are located in the Boston Metropolitan Statistical Area (MSA). The Boston MSA median Family Household Income was \$59,600 for 1997, \$60,000 for 1998, and \$62,700 for 1999. There have been no changes to the bank's assessment area since the previous examination.

According to 1990 US Census Data, Framingham Co-operative Bank's assessment area has a total population of 136,317 individuals. The assessment area is comprised of twenty-four census tracts. Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income within the census tract. The census tract breakdown for Framingham Co-operative Bank's assessment area includes: 1 tract or 4.2 percent designated as moderate-income; 11 tracts or 45.8 percent designated as middle-income and 12 tracts or 50.0 percent designated as upper-income. There are no low-income census tracts within the bank's assessment area. The one moderate-income census tract is located in Framingham. The remaining tracts are dispersed throughout the rest of the assessment area.

The following table outlines the census tracts by income levels based on the 1990 Boston, MSA median Family Household Income of \$48,688. The table also includes the number of family households, which reside within each level of census tract.

ASSESSMENT AREA DEMOGRAPHICS

CENSUS TRACT INCOME LEVEL	NUMBER OF CENSUS TRACTS	CENSUS TRACT PERCENTAGE	FAMILY HOUSEHOLDS	HOUSEHOLD PERCENTAGE
MODERATE	1	4.2	1,790	5.0
MIDDLE	11	45.8	14,773	41.5
UPPER	12	50.0	19,008	53.5
TOTAL	24	100.0	35,571	100.0

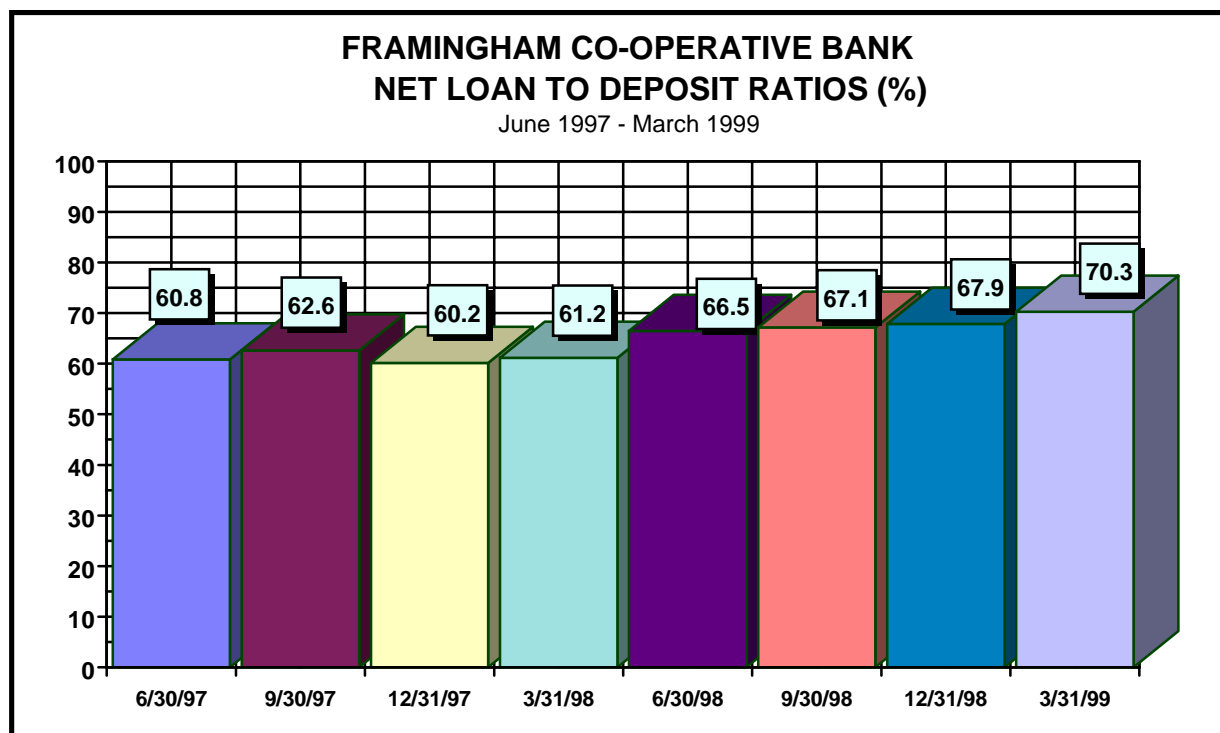
Source: 1990 Census Data

Housing stock within the assessment area consists primarily of one to four-family dwellings of which 61.6 percent are owner-occupied. The owner occupancy rate ranged from a low of 19.9 percent in the moderate-income census tract to a high of 76.4 in the upper-income tracts. The median home value in the assessment area is \$187,275.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Framingham Co-operative Bank's average net loan to deposit ratio was calculated by using the data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan to deposit ratio for the period of June 30, 1997 through March 31, 1999 is 64.6 percent. The asset size of the institution increased from \$205.1 million as of March 31, 1998 to \$222.5 million as of March 31, 1999. During this period, net loans increased approximately 25.8 percent, while deposits increased approximately 9.9 percent. This indicates that the loan growth has outpaced the deposit growth. As indicated in the table below, the bank's net loan to deposit ratio stands at 70.3 percent as of March 31, 1999. The following graph depicts the net loan to deposit ratio for each quarter under review.



The following table compares the net loan-to-deposit ratio of five other institutions in the area. The ratios are taken from the FDIC Call Report figures as of December 31, 1998. These financial institutions range in asset size from \$153.2 million to \$271.4 million. Framingham Co-operative Bank's net loan-to-deposit ratio of 67.9 percent is comparable to the other institutions. The institutions are listed with the net loan-to-deposit ratios in descending order.

Institution	TOTAL ASSETS (000's)	Net Loan-To-Deposit Ratio
Hudson Savings	271,411	88.5%
Auburndale Coop	186,536	74.7%
Marlborough Savings	172,707	73.1%
Framingham Coop	217,938	67.9%
Summit Bank	153,258	62.0%
Westborough Savings	162,759	60.3%

Based on the above information, the bank's asset size and resources, competition, and the credit needs of the assessment area, the bank's net loan to deposit ratio is considered reasonable and meets the standard for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

A review of Framingham Co-operative Bank's Loan Application Registers (LARs) for 1997, 1998 and 1999 year-to-date (through May 31) was conducted during the examination. The LAR was reviewed to determine the amount of credit extended within the bank's delineated assessment area. This information indicated the bank originated 288 HMDA-reportable loans totaling approximately \$44,439,000 during this period.

A total of 201 loans or 69.8 percent of all HMDA reportable loans were originated within the bank's assessment area. By dollar amount, \$21,456,000 in loans representing 48.3 percent was originated within the assessment area.

By number, Framingham accounted for the largest number of originations with 48.3 percent, followed by Ashland with 8.7 percent and Natick with 4.8 percent. Framingham also accounted for the largest dollar volume of originations with 32.3 percent, followed by Ashland with 5.1 percent and Natick with 4.5 percent.

Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar amount.

HMDA-Reportable Loans by Number of Originations

Location	1997		1998		1999-YTD		Totals	
	#	%	#	%	#	%	#	%
Framingham	48	51.1	67	45.0	24	53.3	139	48.3
Ashland	11	11.7	12	8.0	2	4.5	25	8.7
Natick	5	5.3	8	5.4	1	2.2	14	4.8
Holliston	3	3.2	3	2.0	2	4.5	8	2.8
Hopkinton	4	4.3	4	2.7	0	0.0	8	2.8
Southborough	2	2.1	4	2.7	1	2.2	7	2.4
Inside Assessment Area	73	77.7	98	65.8	30	66.7	201	69.8
Outside Assessment Area	21	22.3	51	34.2	15	33.3	87	30.2
Total	94	100.0	149	100.0	45	100.0	288	100.0

Source: HMDA/LAR Data for the period 1/1/97 to 5/31/99

HMDA-Reportable Loans by Dollar Amount

Location	1997		1998		1999-YTD		Totals	
	\$ (000)	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
Framingham	3,922	35.2	8,098	30.8	2,335	33.3	14,355	32.3
Ashland	848	7.6	936	3.5	457	6.5	2,241	5.1
Natick	409	3.7	1,513	5.8	59	.8	1,981	4.5
Holliston	374	3.3	539	2.0	214	3.1	1,127	2.5
Southborough	8	0.1	803	3.1	80	1.1	891	2.0
Hopkinton	391	3.5	470	1.8	0	0.0	861	1.9
Inside Assessment Area	5,952	53.4	12,359	47.0	3,145	44.8	21,456	48.3
Outside Assessment Area	5,189	46.6	13,925	53.0	3,869	55.2	22,983	51.7
Total	11,141	100.0	26,284	100.0	7,014	100.0	44,439	100.0

Source: HMDA/LAR Data for the period 1/1/97 to 5/31/99

As indicated in the above tables, 69.8 percent of loans by number and 48.3 percent by dollar amount were originated inside the bank's assessment area. The dollar amount in the assessment area is below 50 percent of the total, however, more emphasis is put on the number of HMDA-reportable originations by percentage.

Of the total loans originated within the assessment area, 47.3% were for conventional home purchases, 30.8% were refinances of home purchases, 19.9% were for home improvement, and 2.0% were on multifamily dwellings.

Market data for calendar year 1997 compiled by PCI Services, Inc. CRA Wiz indicated that Framingham Co-operative Bank ranked 23rd in market share for HMDA-reportable originations and purchases throughout its assessment area. The bank's market share was 1.18 percent.

Small Business Lending

Framingham Co-operative Bank's 1998 and year-to-date 1999 (through May 31) Small Business Loans were also reviewed to determine the amount of credit extended within the delineated assessment area. The bank originated 128 small business loans totaling approximately \$21,275,000 during this period. A total of 100 loans totaling \$14,397,000 were made to businesses within the bank's assessment area, representing 78.1 percent by number and 67.7 percent by dollar amount.

A small business loan, as defined in the FDIC Call Report instructions, is "...a loan with an original amount of \$1 million or less... secured by non-farm non-residential properties; or commercial and industrial loans to U.S. addresses."

The Town of Framingham accounted for the most small business loan originations with 59.4 percent, followed by Natick with 6.2 percent, and Holliston and Southborough both with 3.9 percent. Framingham also accounted for the largest dollar volume of originations with 45.1 percent, followed by Natick with 7.9 percent and Southborough with 6.0 percent.

Refer to the following tables for additional information regarding the bank's small business lending, by both number and dollar amount.

Small Business Loans by Number of Originations

Location	1998		1999-YTD		Totals	
	#	%	#	%	#	%
Framingham	46	52.8	30	73.2	76	59.4
Natick	6	6.9	2	4.9	8	6.2
Holliston	3	3.5	2	4.9	5	3.9
Southborough	4	4.6	1	2.4	5	3.9
Ashland	3	3.5	1	2.4	4	3.1
Hopkinton	2	2.3	0	0.0	2	1.6
Inside Assessment Area	64	73.6	36	87.8	100	78.1
Outside Assessment Area	23	26.4	5	12.2	28	21.9
Total	87	100.0	41	100.0	128	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

Small Business Loans by Dollar Amount of Originations

Location	1998		1999-YTD		Totals	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Framingham	4,906	36.6	4,696	59.5	9,602	45.1
Natick	1,151	8.6	521	6.6	1,672	7.9
Southborough	960	7.2	310	3.9	1,270	6.0
Ashland	746	5.6	500	6.3	1,246	5.8
Holliston	400	3.0	150	1.9	550	2.6
Hopkinton	57	0.4	0	0.0	57	0.3
Inside Assessment Area	8,220	61.4	6,177	78.2	14,397	67.7
Outside Assessment Area	5,158	38.6	1,720	21.8	6,878	32.3
Total	13,378	100.0	7,897	100.0	21,275	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

Other Lending

At management's request, non-HMDA reportable consumer loans were also reviewed to determine the amount of credit extended within the bank's delineated assessment area.

The bank originated 255 consumer loans totaling approximately \$1,928,000 during 1998 and 1999 year-to-date (through May 31). A total of 216 loans or 84.7 percent by number and \$1,572,000 or 81.5 percent by dollar amount was within the bank's assessment area.

Based on all of the above information, it is evident that an adequate number and dollar amount of the bank's residential, consumer and small business loans have been extended within its assessment area. Therefore, the institution's level of lending within its assessment area meets the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family income for the Boston Metropolitan Statistical Area (MSA). These income figures are based on estimated Department of Housing and Urban Development (HUD) information. Refer to the following table for a breakdown of the estimated 1997, 1998 and 1999 HUD information.

MSA	Median Family Income		
	1997	1998	1999
Boston	59,600	60,000	62,700

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following tables show by number and dollar amount, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of family households in the assessment area in each respective income group.

**Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of
Different Income Levels by Number**

Borrower Income Level	Family Households		1997		1998		1999-YTD		Total	
	#	%	#	%	#	%	#	%	#	%
< 50%	4,221	11.9	12	16.4	14	14.3	2	6.7	28	13.9
50 - 79%	5,428	15.3	21	28.8	27	27.5	11	36.7	59	29.4
80 - 119%	8,773	24.6	12	16.4	18	18.4	6	20.0	36	17.9
> = 120%	17,149	48.2	23	31.5	32	32.7	10	33.3	65	32.3
NA	0	0.0	5	6.9	7	7.1	1	3.3	13	6.5
Total	35,571	100.0	73	100.0	98	100.0	30	100.0	201	100.0

Source: HMDA/LAR Data for the period 1/1/97 to 5/31/99

**Distribution of HMDA-Reportable Loans within the Assessment Area to Borrowers of
Different Income Levels by Dollar Amount**

Borrower Income Level	Family Households		1997		1998		1999-YTD		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
< 50%	4,221	11.9	415	7.0	695	5.6	197	6.3	1,307	6.1
50 - 79%	5,428	15.3	1,367	23.0	2,201	17.8	822	26.1	4,390	20.5
80 - 119%	8,773	24.6	926	15.5	1,798	14.5	343	10.9	3,067	14.3
> = 120%	17,149	48.2	2,690	45.2	5,840	47.3	1,724	54.8	10,254	47.8
NA	0	0.0	554	9.3	1,825	14.8	59	1.9	2,438	11.3
Total	35,571	100.0	5,952	100.0	12,359	100.0	3,145	100.0	21,456	100.0

In 1997, 1998 and 1999, the bank extended 28 loans to low-income borrowers representing 13.9 percent by number and 6.1 percent by dollar amount of the total loans for the assessment area. The percentage of loans, by number, to low-income borrowers exceeds the percentage of low-income family households in the assessment area. This percentage of loans is significant given the fact that the low-income group contains a portion of households with incomes so low the cost of homeownership may be prohibitive.

The bank extended 59 loans to moderate-income borrowers, representing 29.4 percent by number, as shown above. These loans represent 20.5 percent by dollar amount of the bank's total originations within its assessment area. Again, these percentages exceed the percentage of family households for moderate-income individuals in the assessment area. The relatively high representation of moderate-income borrowers is in part the result of the bank's community loan program, which is geared to low and moderate-income borrowers.

The distribution of the bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include over 300 bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis is calendar year 1997 and is presented in the following table.

**Comparison of Framingham Co-operative Bank's HMDA Loans to Aggregate,
By Number, For 1997**

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Framingham Co-operative Bank		All Other Reporters		Framingham Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	12	16.4	148	2.4	415	7.0	9,192	0.9
50 – 79%	21	28.8	713	11.6	1,367	23.0	66,582	6.8
80 – 119%	12	16.4	1,385	22.4	926	15.5	171,880	17.5
> = 120%	23	31.5	2,871	46.5	2,690	45.2	546,742	55.5
NA	5	6.9	1,057	17.1	554	9.3	190,489	19.3
Total	73	100.0	6,174	100.0	5,952	100.0	984,885	100.0

Source: HMDA Data for the period 1/1/97 to 12/31/97

The distribution of the bank's residential loans to low-income borrowers greatly exceeds that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low-income was 16.4 percent by number and 7.0 percent by dollar amount compared to the aggregate, which originated 2.4 percent by number and 0.9 percent by dollar amount to low-income borrowers in the assessment area.

Framingham Co-operative Bank's distribution of HMDA-reportable loans within the assessment area to moderate-income borrowers accounted for 28.8 percent by number and 23.0 percent by dollar amount. This percentage also greatly exceeds that of the aggregate, which granted 11.6 percent of total loans by number and 6.8 percent by dollar amount to moderate-income borrowers.

In 1997, Framingham Co-operative Bank ranked 5th in lending to low and moderate-income borrowers within its assessment area. The bank originated 34 HMDA-reportable loans to borrowers in these income groups, capturing 3.8 percent of the market. It is important to note that the bank ranked 23rd in overall lending in the assessment area but improved to 5th in this category. It should also be noted that the bank's percentage of lending to low and moderate-income borrowers in 1998 is also strong, indicating that the market share trend should continue.

The distribution of HMDA-reportable lending by borrower income in comparison to the number of family households and the aggregate performance demonstrates the bank's willingness to lend to borrowers of all income levels, particularly those of low and moderate-income.

Small Business Lending

The small business loans originated within the bank's assessment area in 1998 and 1999 year-to-date (through May 31) were further analyzed to determine the loan amount at origination. The following tables depict the distribution of business loans by number and dollar amount within the bank's assessment area by loan amount at origination.

Number of Small Business Loans within the Assessment Area by Amount at Origination

Loan Amount	1998		1999-YTD		Total	
	#	%	#	%	#	%
< = \$100,000	44	68.8	24	66.7	68	68.0
> \$100,000 and < = \$250,000	10	15.6	3	8.3	13	13.0
> \$250,000	10	15.6	9	25.0	19	19.0
Total	64	100.0	36	100.0	100.0	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

Dollar Volume of Small Business Loans by Amount at Origination

Loan Amount	1998		1999-YTD		TOTAL	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
< = \$100,000	1,382	16.8	951	15.4	2,333	16.2
> \$100,000 and < = \$250,000	1,684	20.5	679	11.0	2,363	16.4
> \$250,000	5,154	62.7	4,547	73.6	9,701	67.4
Total	8,220	100.0	6,177	100.0	14,397	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

As depicted in the above table, 68.0 percent of the 100 small business loans originated in the bank's assessment area during 1998 and year-to-date 1999 had original loan amounts of \$100,000 or less.

The small business loans originated within the bank's assessment area during this period were also analyzed to determine the distribution among businesses of various sizes. The following tables depict the distribution, by number and dollar amount, of business loans within the bank's assessment area by revenues of the business.

Number of Small Business Loans Within the Assessment Area
By Revenues of the Business

Annual Business Revenues	1998		1999-YTD		Total	
	#	%	#	%	#	%
< = \$1,000,000	52	81.3	21	58.3	73	73.0
> \$1,000,000	12	18.7	15	41.7	27	27.0
Total	64	100.0	36	100.0	100	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

Dollar Volume of Small Business Loans within the Assessment Area
by Revenues of the Business

Annual Business Revenues	1998		1999-YTD		Total	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
< = \$1,000,000	4,446	54.1	3,907	63.3	8,353	58.0
> \$1,000,000	3,774	45.9	2,270	36.7	6,044	42.0
Total	8,220	100.0	6,177	100.0	14,397	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

As shown in the above tables, the majority of these loans (73.0 percent by number and 58.0 percent by dollar amount) were extended to small businesses with gross annual revenues of \$1 million or less. In addition, the bank is a Small Business Administration (SBA) lender.

OTHER LOANS

At management's request, non-HMDA reportable consumer loans were also reviewed. Since low and moderate-income borrowers typically borrow smaller loan amounts, the following focuses on the number of originations in each income level rather than the dollar volume. In addition, consumer loans usually have only one borrower (one income) causing an increase in the number of low and moderate-income borrowers.

The bank originated 216 consumer loans within its assessment area during 1998 and year-to-date 1999. Of this amount, 71 or 32.9 percent were granted to individuals of low-income and 74 or 34.2 percent were granted to individuals of moderate-income.

The distribution of the bank's HMDA-reportable lending, the high market share and the distribution of consumer loans demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income. Additionally the bank's small business loan distribution by amount at origination and by business revenue demonstrates its willingness to lend to small businesses in the area. Therefore, Framingham Co-operative Bank's lending distribution by different income levels is considered to exceed the standards of satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The HMDA-reportable loans located within the bank's assessment area were further analyzed to determine their location by census tract income level. The assessment area is comprised of twenty-four census tracts: one designated as moderate-income, eleven as middle-income and twelve as upper-income. The bank's assessment area does not contain any low-income census tracts.

The following table provides a breakdown, by number and dollar amount, of the bank's HMDA-reportable loans within its assessment area according to the census tract income level. The table also shows the loans in comparison to the number of owner-occupied housing units in each of the census tract income categories.

**Distribution of HMDA-Reportable Loans within the Assessment Area by
Census Tract Income Level**

Census Tract Income Level	Owner-Occupied Properties		1997		1998		1999-YTD		Total	
	#	%	#	%	#	%	#	%	#	%
Moderate	614	1.9	6	8.2	16	16.3	0	0.0	22	10.9
Middle	13,087	39.3	32	43.8	35	35.7	16	53.3	83	41.3
Upper	19,551	58.8	35	48.0	47	48.0	14	46.7	96	47.8
Total	33,252	100.0	73	100.0	98	100.0	30	100.0	201	100.0

Source: HMDA/LAR Data for the period 1/1/97 to 5/31/99

**Dollar Volume of HMDA-Reportable Loans within the Assessment Area by
Census Tract Income Level**

Census Tract Income Level	Owner-Occupied Properties		1997		1998		1999-YTD		Total	
	#	%	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
Moderate	614	1.9	314	5.3	2,121	17.2	0	0.0	2,435	11.3
Middle	13,087	39.3	2,287	38.4	3,020	24.4	1,486	47.3	6,793	31.7
Upper	19,551	58.8	3,351	56.3	7,218	58.4	1,659	52.7	12,228	57.0
Total	33,252	100.0	5,952	100.0	12,359	100.0	3,145	100.0	21,456	100.0

Source: HMDA/LAR Data for the period 1/1/97 to 5/31/99

As shown in the above table, 22 loans, representing 10.9 percent by number of the bank's total loans within the assessment area for 1997, 1998 and year-to-date 1999, were within moderate-income census tracts. This represents 11.3 percent of the total dollar volume within the assessment area. This demonstrates the bank's willingness to make loans in moderate-income census tracts despite the very small percentage of owner-occupied properties, which greatly limits the lending opportunities in those areas.

The majority of the bank's residential loans (47.8 percent) by number were made in upper-income areas.

A further analysis of Framingham Co-operative Bank's lending performance by census tract income category was also conducted to compare the bank to all other HMDA-reportable lenders in the assessment area. As previously mentioned, other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis is for calendar year 1997 and is presented in the following table.

1997 Lending within the Assessment Area by Census Tract Income Level
Framingham Co-operative Bank Compared to All Other HMDA Reporters

Census Tract Income Level	Number of Loans				Dollar Amount of Loans			
	Framingham Co-operative Bank		All Other Reporters		Framingham Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Moderate	6	8.2	83	1.3	314	5.3	8,421	0.9
Middle	32	43.8	2,336	37.9	2,287	38.4	320,363	32.5
Upper	35	48.0	3,755	60.8	3,351	56.3	656,101	66.6
Total	73	100.0	6,174	100.0	5,952	100.0	984,885	100.0

Source: HMDA Data for the period 1/1/97 to 12/31/97

As demonstrated above, the percentage of the bank's lending activity by number in moderate-income census tracts greatly exceeds that of the aggregate. The percentage of Framingham Co-operative Bank's lending activity in moderate-income census tracts was 8.2 percent by number and 5.3 percent by dollar amount. In comparison, the aggregate originated 1.3 percent by number and 0.9 percent by dollar amount in the moderate-income census tracts.

In 1997, Framingham Co-operative Bank ranked 2nd in market share for lending in the moderate-income census tract within its assessment area. The bank originated 6 HMDA-reportable loans in this census tract, representing 6.74 percent of the market. It is important to note that the bank ranked 23rd in overall lending in the assessment area but improved to 2nd in this category. In addition, the bank's total number of HMDA-reportable loans in the assessment area has increased by 34 percent from 1997 to 1998, but the number of loans in the moderate-income census tracts has increased by 166 percent during the same time.

The distribution of the bank's lending by census tract income levels compared to the number of owner occupied properties and the aggregate suggests that Framingham Co-operative Bank does not exclude moderate-income census tracts.

Small Business Lending

Framingham Co-operative Bank's 1998 and year-to-date 1999 small business loans were also analyzed to determine the distribution by census tract income level within its assessment area. The following tables depict this distribution, by both number and dollar amount.

Distribution of Small Business Loans within the Assessment Area by Census Tract Income Level

Census Tract Income Level	1998		1999-YTD		Total	
	#	%	#	%	#	%
Moderate	2	3.1	0	0.0	2	2.0
Middle	46	71.9	33	91.7	79	79.0
Upper	16	25.0	3	8.3	19	19.0
Total	64	100.0	36	100.0	100	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

Dollar Volume of Small Business Loans within Assessment Area by Census Tract Income Level

Census Tract Income Level	1998		1999-YTD		Total	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Moderate	412	5.0	0	0.0	412	2.9
Middle	5,467	66.5	5,717	92.6	11,184	77.7
Upper	2,341	28.5	460	7.4	2,801	19.4
Total	8,220	100.0	6,177	100.0	14,397	100.0

Source: Small Business Loan Registers for the period 1/1/98 to 5/31/99

As shown above, the bank originated 2.0 percent by number and 2.9 percent by dollar amount of its small business loans in moderate-income census tracts. The majority of the small business loans, 79.0 percent by number and 77.7 percent by dollar amount, were extended to businesses in middle-income census tracts.

Other Lending

As previously mentioned, at management's request non-HMDA reportable consumer loans were also reviewed to determine the distribution by census tract income category. Within the assessment area, 36 loans representing 16.7 percent of the number were granted to individuals in the moderate-income census tract. The largest percentage of loans (48.6 percent by number) was granted in the middle-income tract.

The distribution of the bank's HMDA-reportable, consumer and small business lending by census tract income levels indicates that the bank does not exclude moderate-income census tracts. Based upon the analysis by owner occupied properties, the aggregate distribution, and the geographic distribution of HMDA-reportable loans, small business loans and consumer loans the bank is considered to exceed the standards for satisfactory performance.

Innovative and Flexible Lending Programs

Framingham Co-operative Bank offers a Community Loan Program for low and moderate-income borrowers who are typically first-time homebuyers. This program offers flexible underwriting standards and debt ratios. The bank originated 8 loans totaling \$728,350 under this program in 1997, 20 loans totaling \$1,823,350 in 1998 and 7 loans totaling \$693,900 in year-to-date 1999.

Massachusetts Capital Access Program (Mass CAP): Mass CAP is a state funded pooled guaranty program administered by the Massachusetts Business Development Corporation for the state. In 1998 the bank had four loans totaling \$57,000 supported by Mass Cap guarantees.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

REVIEW OF COMPLAINTS

A thorough review of the public comment file revealed that the bank received no complaints pertaining to its CRA performance since the previous examination.

FAIR LENDING POLICIES AND PRACTICES

Framingham Co-operative Bank has established a Fair Lending Policy that addresses all laws and regulations relative to fair lending. The Board of Directors and bank management are responsible for overseeing the quality of compliance with this policy. Detailed below is the bank's fair lending performance as it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

STAFF TRAINING

Several of the bank's officers have attended seminars on the new Fair Lending Procedures and HMDA reporting. In addition, the bank's CRA officer attended a seminar called "Dealing with a Diverse Workforce" in October of 1997.

STAFF COMPOSITION AND COMPENSATION

The bank has a staff of 37 full-time and 3 part-time employees, 5 of who are minorities. The bank employs several individuals who speak a foreign language including Spanish, Arabic and Portuguese.

The bank does not compensate any of its 5 loan officers on a commission basis, thereby encouraging loans of all amounts including those to low and moderate-income individuals.

OUTREACH

Bank management ascertains the credit needs of the assessment area through active involvement by bank officers in numerous community organizations and affordable housing programs. These organizations include but are not limited to the South Middlesex Opportunity Council, Inc., the HomeOwner Options for Massachusetts Elders and the Framingham Housing Authority.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The bank's senior management reviews all existing credit products to ensure that they are responsive to the credit needs of the community. Additionally, the Bank's Security Committee evaluates both the products the bank offers and its product mix on a continuing basis to ensure that the bank does not inadvertently discriminate through its lending practices.

As mentioned above, the bank offers a Community Loan Program which is available to low to moderate-income borrowers, and which employs flexible underwriting standards. The bank has successfully made a number of loans under this program during the period examined.

MARKETING

Framingham Co-operative Bank's advertising reaches individuals of all income levels and effectively covers the entire delineated assessment area. The bank utilizes print, radio and local cable to advertise its credit products and services. The bank advertises in newspapers throughout its assessment area, including the Metro West Daily News, the Framingham Tab, and the Senior Advocate. The bank also does foreign language advertising in the Spanish yellow pages.

CREDIT EDUCATION

The bank continually participates in and sponsors credit education seminars throughout the assessment area.

COUNSELLING

The bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. A form containing the names, addresses and phone numbers of various counseling agencies is given to the borrower. Additionally, the bank will assist individuals that are experiencing credit problems as well as delinquent loan repayments

SECOND REVIEW PRACTICES

Framingham Co-operative Bank has a second review policy in which the bank's Security Committee reviews all denied mortgage loan applications at their weekly meeting. The Security Committee is comprised of the bank's President and members of the Board of Directors. This is done to ensure that the bank's policies and procedures regarding fair lending were followed. The second review is typically done prior to the applicant receiving an adverse action notice.

INTERNAL CONTROL PROCEDURES

The bank's CRA officer monitors fair lending practices by reviewing HMDA and other loan data, and reports the findings to the Board of Directors.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. In 1997, 1998 and year-to-date May 31, 1999, the bank received 249 residential loan applications from within its assessment area. During this period, 42 applications or 16.9 percent, were received from minorities. Refer to the following table for further details.

Framingham Co-operative Application Flow

Race	1997		1998		1999-YTD		Total	
	#	%	#	%	#	%	#	%
American Indian/Alaskan	0	0.0	0	0.0	0	0.0	0	0.0
Asian/Pacific Islander	1	1.2	5	4.0	0	0.0	6	2.4
Black	4	4.6	3	2.4	1	2.8	8	3.2
Hispanic	3	3.4	10	7.9	3	8.3	16	6.5
Other	4	4.6	7	5.6	1	2.8	12	4.8
Total Minority	12	13.8	25	19.9	5	13.9	42	16.9
White	65	74.7	90	71.4	26	72.2	181	72.7
No Information	10	11.5	11	8.7	5	13.9	26	10.4
Total	87	100.0	126	100.0	36	100.0	249	100.0

Source: HMDA/LAR Data for the period 1/1/97 to 5/31/99

The bank's minority application flow for this period was also compared with the racial make-up of the assessment area and 1997 aggregate data for all other HMDA-reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

According to 1990 Census Data, the bank's assessment area contained a total population of 136,317 individuals of whom 9.1 percent are minorities. This is comparable to the bank, which received 13.8 percent of their total applications from minorities in 1997.

Additionally, aggregate information indicated 6,174 HMDA-reportable applications were received from all other banks within the assessment area in 1997. Refer to the following table for information regarding the bank and aggregate data information on minority lending.

1997 Application Flow within the Assessment Area Compared to the Aggregate

RACE	Framingham Co-operative Bank		All Other HMDA Reporters	
	#	%	#	%
American Indian / Alaskan	0	0.0	15	0.2
Asian / Pacific Islander	1	1.2	171	2.8
Black	4	4.6	73	1.2
Hispanic	3	3.4	98	1.6
Other	4	4.6	67	1.1
TOTAL MINORITY	12	13.8	424	6.9
White	65	74.7	4,541	73.5
No Information	10	11.5	1,209	19.6
TOTAL	87	100.0	6,174	100.0

* ©PCI Services, Inc. CRA WIZ 1997 HMDA Data

As demonstrated in the above table, in 1997 Framingham Co-operative Bank received 13.8 percent of their total applications from minorities. This exceeds that of the aggregate, which received 6.9 percent of all applications from minorities.

QUALIFIED INVESTMENTS AND SERVICES

Upon management's request, the bank's qualified investments and services were reviewed. To be considered for review, an investment or service must meet the definition of community development. Community development purposes are defined as affordable housing, community service, economic development, and community stabilization/revitalization. Community development services must relate to the provision of financial services.

The bank's activities in these areas enhance credit availability within its assessment area and contribute to the overall rating of High Satisfactory.

Qualified Investments

As defined under the revised CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose.

During the period examined, Framingham Co-operative Bank made the following investment:

Frederick A. Rubin Micro-Loan Fund (Rubin Fund): The Rubin Fund was established in 1997 in memory of a member of the MetroWest Chamber of Commerce. This fund was formed through a consortium of local banks to address the financial needs of existing small businesses and/or start-up businesses located throughout the MetroWest region, that have been unable to access credit through the traditional banking system because they either lack a credit history, have limited business experience or are looking for loans that are below established lending thresholds. Under the Rubin Fund, these businesses can access secured and unsecured loans ranging from \$2,000 to \$10,000.

In 1998, the bank disbursed \$10,000 to this loan pool.

Donations

Framingham Co-operative Bank has made the majority of its investments through donations to non-profit agencies operating within its assessment area. During the period examined, approximately \$52,748 in donations was made of which \$30,750 or 58.3 percent are considered qualified. Detailed below are some of the organizations that Framingham Co-operative Bank contributes to annually that target low and moderate-income individuals and are considered qualified investments.

South Middlesex Opportunity Council (SMOC): SMOC is a private nonprofit corporation working with low-income people in the community to effect social, individual and family change. SMOC's purpose is to mobilize and utilize both public and private resources to advocate for and meet the needs of low-income people.

Framingham English As A Second Language: The Framingham Adult English as a Second Language Program provides free oral English language instruction and life skills training to immigrants in the Metro West area. Students range in age from 18 to 82 years and come from a variety of educational backgrounds, from little education to doctoral degrees. Sixteen languages from thirty-two countries are represented. These outstanding adult education and literacy efforts facilitate employment and promote economic development in the region.

Hollis Street Community Center: The Hollis Street Community Center is a partnership among representatives of local businesses, government and residents of the

community. This diverse group is committed to creating a community center on the south side of Framingham. This facility is also an important focus for the entire Town of Framingham as they pursue Downtown revitalization efforts.

Consumer Credit Counseling Services of Massachusetts: This non-profit organization provides financial counseling and educational programs for families and individuals. In 1998 they opened or expanded several more offices, enhanced the technology systems and reached a record number of people through the Education Department. With the commitment to marketing in 1999, they expect to counsel and educate more consumers than ever this year. Framingham Co-operative Bank contributes to this organization annually.

United Way of Tri-County: The United Way helps fund a network of numerous agencies throughout the area. These member agencies assist the physically, mentally and emotionally handicapped, the aged, the sick, the abused, the hungry and the homeless. Donations made by Framingham Co-operative Bank are used for programs that support underprivileged children and families in crisis in Framingham.

Qualified Services

Retail Services

Framingham Co-operative Bank's main office is located at 828 Concord Street in Framingham Massachusetts. The bank offers a bilingual Automated Teller Machine (ATM) at the main office and the branch location on 1 Lincoln Street. In addition, the bank employs several individuals who speak a second language including Spanish, Arabic and Portuguese.

The bank offers savings and checking accounts that qualify for consideration under the Massachusetts Community & Banking Council's Basic Banking program. This program provides lower income individuals access to savings and checking services with low monthly fees and minimum balance requirements.

The bank is a member of Homeowner Options for Massachusetts Elders (HOME), a non-profit organization, which provides extensive financial counseling and other services to low and moderate-income elderly individuals. The bank pays a membership fee and is able to refer its elderly customers to HOME to receive counseling services.

Community Development Services

The revised CRA regulation defines a community development service as a service that is primarily for a community development purpose and is related to the provision of financial services. Framingham Co-operative Bank's officers and employees are involved with community organizations that address economic and affordable housing

development. Through these involvements, the bank's staff lends their technical expertise, experience and judgment to these organizations.

The bank's CRA officer participates in educational seminars including the South Middlesex Opportunity Council's Homebuyer Training Class and a seminar for Natick and Framingham seniors called "Successful Aging In Place".

Bank officers lend financial and managerial expertise to community organizations within the assessment area. Examples include, but are not limited to the South Middlesex Opportunity Council, Inc. and the HomeOwner Options for Massachusetts Elders.

Conclusion

As noted above, Framingham Co-operative Bank's performance in making qualified investments and its performance in providing retail and qualified community development services have enhanced the bank's overall CRA rating.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

FRAMINGHAM CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **June 29, 1999**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 19 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.